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| Introduction to the 2023 Approved Costing Guidance |
| The [Approved Costing Guidance](https://www.england.nhs.uk/costing-in-the-nhs/approved-costing-guidance/costing-principles-2023/) explains how NHS trusts should cost at patient level using the costing standards and then submit cost data for the financial year 2022/23 using the National Cost Collection guidance. It is updated annually.  The collection of patient-level costing data helps the NHS manage costs, improve productivity, eliminate unwarranted variation and, overall, improve services for patients.  This introduction signposts to the key information and support offers, and updates the legal and governance information around the guidance. |
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Contents

[What you need to know for 2023 3](#_Toc131513245)

[Our support offer 3](#_Toc131513246)

[Legal matters 5](#_Toc131513247)

[Ensuring data quality 7](#_Toc131513248)

[Publication of collected data 7](#_Toc131513249)

[Information governance 8](#_Toc131513250)

[Patient-level costing as a mandated information standard 11](#_Toc131513251)

## What you need to know for 2023

The costing standards and collections guidance with key supporting information are published [here](https://www.england.nhs.uk/costing-in-the-nhs/approved-costing-guidance/costing-principles-2023/) with a summary of changes [here.](https://www.england.nhs.uk/costing-in-the-nhs/approved-costing-guidance/summary-of-changes-2023/)

The [minimum software requirements](https://future.nhs.uk/NHSEnglandCostingEngagement/view?objectId=43464304) outline what is essential for a patient-level costing system, updated to align with the 2023 standards.

The [Costing glossary](https://www.england.nhs.uk/costing-in-the-nhs/glossary/) contains essential information on all the key terms used in costing.

Supporting information and resources are published on our [costing engagement workspace](https://future.nhs.uk/NHSEnglandCostingEngagement/groupHome) on FutureNHS. You can access FutureNHS if you have an NHS email address or email [costing@england.nhs.uk](mailto:costing@england.nhs.uk) to request access if you do not.

All the key 2023 changes to the standards and collections guidance are highlighted in yellow in the published documents.

**Note:** NHS England and NHS Digital legally merged on 1 February 2023 and NHS Digital ceased to exist as a separate legal entity. This is the first step towards creating a new, single organisation to lead the NHS in England. While work continues in assimilating the two organisations into the new NHS England from an operational perspective, the 2023 Approved Costing Guidance and supporting information will continue to refer to NHS Digital. This will be kept under review and we will keep you informed as new processes evolve.

**Please read all the guidance relevant to your organisation’s services before proceeding. It is not expected that a trust needs to read all guidance published.**

## Our support offer

* Costing surgeries: Costing standards surgeries (Thursday 1.30pm to 2.30pm) and cost collection surgeries (Wednesday 1.30pm to 2.30pm) are held via MS Teams. During the submission window the collections call surgery will operate at the same times every weekday. No appointment needed.
* Costing inbox: If you have a less urgent or particularly complex issue, email us at costing@england.nhs.uk citing ‘2023 NCC, <trust code> and <your issue>’. During the submission window we aim to respond to your emails within three working days and will keep you updated on the progress of your query.
* We will publish frequently asked questions (FAQs) on FutureNHS weekly, starting after the publication of the Approved Costing Guidance

Sign up for our Costing newsletter via the costing inbox to keep updated.

For further contact information on specific costing issues please refer to the [integrated collections guidance](https://www.england.nhs.uk/publication/national-cost-collection-guidance-for-acute-mental-health-iapt-and-community-services-2023/) for acute, mental health, IAPT and community services or [ambulance collections guidance](https://www.england.nhs.uk/publication/national-cost-collection-guidance-for-the-ambulance-sector-2023) for ambulance trusts.

## Costing assurance

NHS England is designing a new assurance process to replace the Costing Assurance Programme created when patient-level costing was first introduced. In the meantime, we will run an interim process to identify and pursue outstanding areas of concern from the 2021/22 submission. This will enable us to provide a summary for trusts to use when reviewing their 2022/23 submission. Not all trusts will receive a summary.

In addition, trusts populate our costing assessment tool with data and submit it to us after each annual collection. We use the information to assess the quality of costing at each trust and the degree to which the costing standards have been implemented. We can then support trusts to improve their costing and identify those requiring extra support.

## Compliance and enforcement

Trusts that do not submit information in the required format, or submit poor quality information, are likely to have a detrimental impact on NHS England’s ability to carry out its pricing, oversight and improvement functions effectively.

For information on what could be classed as a compliance issue please refer to our [costing engagement workspace](https://future.nhs.uk/NHSEnglandCostingEngagement/groupHome) on FutureNHS.

The enforcement of non-compliance is currently under review as the current process has been in place since 2019. NHS England will provide on update on enforcement actions before the 2023 submission window opens.

Trusts should notify NHS England using this [MS form](https://forms.office.com/Pages/ResponsePage.aspx?id=kp4VA8ZyI0umSq9Q55Ctv2y6dobW_OBDn6ikNtPWl0lUOVQzWVNYWU9GUFNaSTdRR1NKWFdGRjk5Vi4u) with any issues relating to compliance.

## Legal matters

Our [provider licence](https://www.england.nhs.uk/the-nhs-provider-licence/) and [System Oversight Framework](https://www.england.nhs.uk/nhs-system-oversight-framework-2021-22/) are the primary tools with which we oversee providers of NHS services. NHS foundation trusts, NHS trusts and many independent providers of NHS services must hold a licence. It includes standard conditions, some of which relate to setting prices for NHS care.

The NHS provider licence was originally introduced in 2013 for NHS foundation trusts and has been extended to NHS trusts as of April 2023. Recently, the licence has undergone updates through a statutory consultation to align it with current statutory and policy requirements. In particular, it has been amended to include specific references to the Approved Costing Guidance and to require internal assurance of costing accuracy and completeness. It is crucial for trusts to familiarise themselves with the revised provider licence and ensure local finance teams are complying with the new/amended provisions concerning costing. Three licence conditions relate to costing:

* C1: Submission of costing information
* C2: Provision of costing and costing related information

C3: Assuring the accuracy of pricing and costing information

Costing Condition 1 specifies that providers must:

* obtain, record and maintain sufficient information about the costs they expend in the course of providing services for the purposes of the NHS and other relevant information
* establish, maintain and apply such systems and methods for the obtaining, recording and maintaining of such information about those costs and other relevant information, as are necessary to enable them to comply with this Condition
* record the cost and other relevant information required in this condition consistent with the guidance in NHS England’s Approved Costing Guidance. The form of data collected, costed and submitted should be consistent with the technical guidance included in the Approved Costing Guidance.

Costing Condition 2 includes a provision that a provider must give NHS England such information, documents, and reports as we may require for the purposes of our pricing functions and in such form and at such times as we may require.

Costing Condition 3 includes a provision that providers are required to have processes in place to ensure themselves of the accuracy and completeness of costing and other relevant information collected and submitted to NHS England as per the Approved Costing Guidance.

The Approved Costing Guidance imposes the relevant requirements under those conditions for recording and collecting 2022/23 cost information and recording 2023/24 cost information (with a view to collection in 2024).

To support costing teams and NHS England in the exercise of its responsibilities, the costing team at NHS England will be requiring trusts to provide information routinely on their electronic systems. The first collection of this information will be before the submission window for 2023. Please look out for further updates requesting this information.

Compliance with the NHS Payment Scheme's P1 condition may also pertain to the costing process and submission of costing data, so trusts should keep this in mind.

These requirements apply to NHS trusts and foundation trusts, which should submit all services at patient-level, except for the services listed below, which should continue to be submitted at an aggregate level:

* Direct access diagnostic services
* Direct access plain film x-ray
* Direct access pathology services
* Unmatched support services
* Legally restricted/sensitive high cost drugs and blood products
* HIV, AIDS and STD
* Reproductive medicine
* Gender reassignment
* Cancer MDT
* Direct access audiology
* Critical care transport
* National screening programmes
* Community dental services
* Community diagnostic centres

Aggregate Wheelchair Equipment

If there are services you are unable to submit at patient-level please complete the [MS Forms](https://forms.office.com/Pages/ResponsePage.aspx?id=kp4VA8ZyI0umSq9Q55Ctv2y6dobW_OBDn6ikNtPWl0lUOVQzWVNYWU9GUFNaSTdRR1NKWFdGRjk5Vi4u) on issues.

We do not impose any requirements on independent providers, although we encourage them to comply with the [costing principles](https://www.england.nhs.uk/costing-in-the-nhs/approved-costing-guidance/costing-principles-2023/) and costing standards. However, we may require costing and other information to be submitted in future.

## Ensuring data quality

The Approved Costing Guidance requires trusts to follow the [three costing principles](https://www.england.nhs.uk/costing-in-the-nhs/approved-costing-guidance/costing-principles-2023/) when recording and allocating their costs:

* engagement
* data and information

materiality.

These all depend on reasonable data quality.

Each trust is responsible for producing sound, accurate and timely data, and should work towards data that is right the first time.

The reconciliation and exclusions sections of the collections guidance outlines the process for assuring that the total cost dataset reconciles to the annual accounts and the activity reconciles to the national datasets.

## Publication of collected data

We will continue to produce the [National Cost Collection publication](https://www.england.nhs.uk/costing-in-the-nhs/national-cost-collection/).

We will also continue to release data into analytical dashboards, improving their functionality in partnership with trusts and other stakeholders, so that costs sit alongside other key performance measures to inform management decisions.

We will release data as soon as possible after the collection finishes, with tools to help trusts identify and improve their cost data.

## Information governance

For 2022/2023, we will collect the following two patient-level (PLICS) datasets:

* PLICS Integrated Data Set. This contains unit costs for inpatient admissions, emergency care, outpatient attendances, mental health provider spells and care contacts, IAPT appointments and community care contacts for NHS trusts in England.

PLICS Ambulance Data Set. This contains activity and financial data for all incidents going through 999 call centres or dispatch centres in England.

PLICS cost collections by NHS Digital are subject to a mandatory request from NHS England being accepted by NHS Digital. We ask NHS Digital to establish and operate a system to collect patient-level costing information under Sections 255 and 256 of the Health and Social Care Act 2012. On acceptance of this mandatory request, NHS Digital issues a Data Provision Notice (DPN).

NHS Digital creates PLICS datasets at our request. They collect the datasets from NHS trusts, match them with the relevant national dataset, add key identifiers (to allow us to subsequently link this data with the national dataset) and pseudonymise the data before providing it to us. The matching process is specific to the national dataset. For further information refer to the [requirements specification](https://digital.nhs.uk/data-and-information/data-tools-and-services/data-services/patient-level-information-and-costing-system-plics-data-collections) issued on the NHS Digital website.

Our expectation is that NHS Digital may disseminate the data collected and/or created under that request, including to NHS England and potentially other organisations. The acceptance of the mandatory request and any subsequent use of the collected data is subject to information governance processes and approval.

### How we will use the collected data

We need to understand how money is spent in the NHS to achieve the ambitions in the NHS Long Term Plan, recover from the COVID-19 pandemic, support the development of new care models and reduce variation in the use of resources. The costing data you submit will support a variety of functions at both national and local levels.

We intend to use the data for:

* Analytics:
  + developing analytical tools, metrics and reports to help trusts improve their data quality, identify operational and clinical efficiencies, and review and challenge their patient-level cost data at provider, population, system and national levels
  + supporting efficiency and quality of care improvement programmes and other operational productivity dashboards such as the Model Health System
  + producing and distributing patient-level data in our tools for use by NHS trusts, for example national PLICS portal and PLICS data quality tool
* Investment, pricing and pathway design
  + informing the existing payment models including the NHS Payment Scheme
  + informing and modelling new methods of pricing NHS services
  + informing new approaches and other changes to currency design
  + reviewing investment decisions, for example for technology and staffing
* Effectiveness, efficiency and quality
  + implementing integrated care systems and other organisations
  + improving efficiency and quality of care
  + informing the relationship between provider costs and patient characteristics
  + understanding the cost of patient care before, during and after the COVID-19 pandemic
* Improving costing
  + informing future cost collection design
  + informing costing standards development
  + informing developments to the PLICS collection, including the impact assessment on mandating the submission of PLICS.

Even if the intended uses of PLICS data change for future collections, the data collected this year will continue to be covered by the information in the mandatory request, the DPN and this introduction.

### Sharing the collected data

NHS England may use the collected PLICS data for the purposes described above. As well as sharing PLICS data within NHS England, we may also (subject to NHS Digital’s approval) share it with participating trusts, commissioners and arm’s length bodies using our tools and reports. The benefits of doing this are:

* with participating trusts and systems it helps to improve effectiveness, efficiency and quality
* with the Department of Health and Social Care (DHSC), integrated care systems, and with other organisations and individuals: it helps to:
  + identify operational and clinical efficiencies
  + provide comparative costs to support evaluation of new or innovative medical technologies
  + respond to Freedom of Information (FOI) requests and parliamentary questions
  + benchmark performance against other NHS and international providers
  + inform academic research.

In developing and populating a PLICS benchmarking solution, NHS England may also share suitably aggregated PLICS data (as determined in consultation with participating organisations) with other trusts taking part in this collection.

Any sharing of PLICS data by NHS England (excluding back to the trust that owns the data) will be subject to a data-sharing arrangement approved by the Information Asset Owner of PLICS at NHS England and subject to NHS Digital’s approval.

### Freedom of information requests

All public-sector bodies are bound by the requirements of the Freedom of Information Act 2000 (FOIA 2000). Anyone can submit an FOI request.

In line with NHS Digital’s or NHS England’s FOIA process and within the statutory timeframes set out under the FOIA, either organisation may engage with third-party organisations in relation to a given FOI request.

Contact with relevant third parties around an FOI request received by either organisation will be on a case-by-case basis and dependent on the nature of the request.

As such, under relevant circumstances and depending on the nature of the FOI request, NHS Digital or NHS England will contact the trust(s) concerned.

NHS Digital may also contact NHS England in respect of an FOI request (where appropriate).

### Data retention

The data will be kept securely for as long as it is required. If you have any concerns about how your data will be used, please contact us at [costing@england.nhs.uk](mailto:costing@england.nhs.uk)

### National data opt-out

NHS Digital will be requested to collect PLICS data by a Mandatory Request from NHS England, under sections 255 and 256 of the Health and Social Care Act 2012.

On receipt of a Mandatory Request (or a Direction under section 254), NHS Digital generally issues a Data Provision Notice (DPN) to those that hold the information NHS Digital is legally required to collect.

The DPN issued to providers for PLICS is a legal obligation with which the providers must comply, and therefore the National Data Opt-out does not apply to the provision of PLICS data by the providers to NHS Digital.

## Patient-level costing as a mandated information standard

We are working with NHS Digital to update the [existing mandated information standard for patient-level costing](https://digital.nhs.uk/data-and-information/information-standards/information-standards-and-data-collections-including-extractions/publications-and-notifications/standards-and-collections/patient-level-information-and-costing-systems). This will ensure costing standards used by costing practitioners and requirements for informatics teams are aligned across the sector.

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